

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 TRSE-00 USPS-01 DODE-00 PM-04 H-02

L-03 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /072 W

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FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC 8220

INFO AMEMBASSY LONDON

AMCONSUL BELFAST

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E. O. 11652: N/A

TAGS: ELAB EI

SUBJ: LABOR PROBLEMS

REF: DUBLIN 1317

1. LABOR UNREST IS INCREASING IN IRELAND AS THE WORKERS FEEL THE PINCH OF A STILL UNCONTROLLABLE INFLATION. THE IRISH NATIONAL PRICES COMMISSION (NPC) PUBLISHED ESTIMATES AUG. 12 THAT INFLATION IN THE FIRST SIX MONTHS OF 1976 WAS AT AN ANNUAL RATE OF 28 PERCENT. THIS COMPARES TO 15.2 PERCENT FOR THE UK, ACCORDING TO NPC DATA.

2. THE IRISH BANK STRIKE IS NOW IN ITS EIGHTH WEEK, WITH NO PROSPECT OF SETTLEMENT IN SIGHT. A BALLOT IS BEING MAILED TO ALL OF THE STRIKERS TO SEE IF THEY ACCEPT THE LATEST OFFER, BUT IT IS UNLIKELY THEY WILL ACCEPT AS THEIR ASSOCIATION (IT IS NOT CALLED A UNION) LEADERSHIP HAS RECOMMENDED REJECTION. MEANWHILE THE BANK STRIKE IS HAVING AN INCREASINGLY SERIOUS EFFECT ON AN ECONOMY WHICH IS STILL SUFFERING THE EFFECTS OF RECESSION.

3. THE DUBLIN TELEPHONE OPERATORS ARE CURRENTLY ON A SLOWDOWN

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"WORK TO RULE," WHICH IS HAVING A PARTICULARLY BAD EFFECT ON LONG

DISTANCE SERVICE. HALF OF THE BUSES IN DUBLIN WERE OUT OF ACTION AUGUST 13 BECAUSE OF A WILDCAT STRIKE BY SOME MAINTENANCE AND SERVICE PERSONNEL. A WORK TO RULE HAS ALSO STARTED IN THE POSTAL SERVICE. WILDCAT PUBLIC SERVICE STRIKES ARE OCCURRING MORE AND MORE FREQUENTLY.

4. UNION LEADERS, THE EMPLOYERS' CONFEDERATION, AND LABOR MINISTER O'LEARY ARE WORKING HARD TO REACH SOME KIND OF NATIONAL WAGE AGREEMENT. THE LAST DRAFT AGREEMENT WAS REJECTED BY THE UNION MEMBERSHIP ON JULY 3 (REFTEL). THE REASON FOR URGENCY IS THE PROSPECT OF AN EPIDEMIC OF STRIKES IN THE FALL BY MOST OF THE MAJOR UNIONS SUCH AS THE TRANSPORT AND GENERAL WORKERS UNION (ITGWU), WHICH WOULD PARALYZE THE COUNTRY. THE ITGWU LEADERS HAVE RECOMMENDED ACCEPTANCE OF THE LATEST PROPOSALS BY THE EMPLOYERS CONFEDERATION OF AN "INTERIM" NATIONAL WAGE AGREEMENT. THE MEMBERS OF THE ITGWU AND OTHER UNIONS WILL BE POLLED ON ACCEPTANCE AUGUST 31 - SEPTEMBER 9, AND THERE IS A GOOD CHANCE OF ACCEPTANCE. THE LATEST DRAFT WOULD AVERAGE OUT AT ABOUT 14 PERCENT WAGE INCREASE COUNTRYWIDE OVER THE NEXT YEAR, WITH SOME COMPLICATED CLAUSES ON PRODUCTIVITY AND ANOMALY PAY INCREASES.

5. COMMENT: THE LABOR PROBLEMS ARE SYMPTOMATIC OF THE ECONOMIC PROBLEMS BESETTING IRELAND. THERE HAVE BEEN CONTINUING INFLATIONARY PRESSURES THAT HAVE PROBABLY BEEN INCREASED BY THE ADDED TAXATION INTRODUCED IN THE GOI'S JANUARY BUDGET. THAT BUDGET WAS ADOPTED ON THE ASSUMPTION -- OR PERHAPS HOPE -- THAT THERE WOULD BE A "PAY PAUSE" THIS YEAR. THERE IS NO HOPE THAT THE ANTICIPATED RESTRAINT IN PAY DEMANDS WILL BE REALIZED. IN THE UK, IRELAND'S PRINCIPAL TRADING PARTNER, WAGE SETTLEMENTS HAVE BEEN MODERATE. THIS WILL GIVE BRITISH PRODUCERS A COMPETITIVE ADVANTAGE VIS-A-VIS IRISH PRODUCERS AND WILL BE TO THE DETRIMENT TO IRELAND'S EXPORT EARNINGS. IT WOULD APPEAR AT THIS TIME THAT THE COMBINATION OF HIGH WAGE DEMANDS PLUS LOST PRODUCTIVITY AS A RESULT OF THE STRIKES WILL ASSURE THE POSTPONEMENT OF IRELAND'S RECOVERY FROM THE RECESSION. IN ALL LIKELIHOOD, THE PREDICTED 1-2 PERCENT INCREASE IN GNP THIS YEAR WILL NOT OCCUR. CURLEY

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